



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: October 5, 2021

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TO: Board of Supervisors

SUBJECT

STAFF REPORT ON PROPOSED WORKING FAMILIES ORDINANCE (DISTRICTS: ALL)

OVERVIEW

On July 13, 2021 (21), the County of San Diego (County) Board of Supervisors (Board) requested the Chief Administrative Officer (CAO) return within 90 days with a draft Working Families Ordinance for consideration that will amend the County Administrative Code. Additionally, the Board also requested a prequalification policy and proposed amendments to existing policies to require prospective bidders and proposers on public works projects to prequalify prior to submitting a bid or proposal. The Board also requested the CAO to estimate the impact of the implementation of the Working Families Ordinance on County construction projects and County-owned leased property. Lastly, the Board requested the CAO to update relevant contracting and leasing processes and templates for County construction projects and County-owned leased property to implement the intent of the Working Families Ordinance.

To estimate the potential impact of implementation of the draft Working Families Ordinance, County staff conducted research via surveys and virtual eForums. A survey was sent to current lessees on County-owned property, and to contractors that have been awarded a public works contract greater than \$500,000 within the past two years. Four separate community eForums were held to help determine the potential impact to: 1) Current lessees on County-owned property, 2) Contractors that have been awarded a public works contract greater than \$500,000 within the past two years, 3) the Farm Bureau, and 4) the General Public, including interested labor organizations.

Over the course of obtaining stakeholder input, it became apparent that further economic analysis is warranted to fully inform the Board of the potential impacts of the ordinance. Staff requests additional time to engage an economic consultant who will evaluate the cost impact to County construction projects, employment wage standards for workers on County-owned leased property and make recommendations on how the draft ordinance could be implemented.

Staff is requesting that the Board accept a report that summarizes stakeholder feedback regarding potential impacts of approving the ordinance and provide staff additional time to engage a consultant to develop a regional economic analysis and impact report to return to the Board in

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February 2022. Staff will also bring forward the draft bid prequalification policy for the Board's consideration at that time.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

1. Accept the attached staff-developed impact report that summarizes stakeholder feedback regarding potential impacts of the ordinance.
2. Direct the Chief Administrative Officer to engage a consultant to develop a regional economic analysis and impact report and return to the Board in February 2022 with a draft ordinance for the Board's consideration.

EQUITY IMPACT STATEMENT

For decades, pay and benefits for many, especially those in underserved communities, have not kept up with the cost of living, housing, or providing for a family. Incomes have stagnated for middle- and working-class San Diegans, even while housing and other costs have skyrocketed. Amending County policies and ordinances to protect working families will help ensure that no worker employed on a County-related project is left behind. This initiative may help improve pay and working conditions in the industries and sectors that rely most heavily on labor from women and people of color, including construction and services. The anticipated regional economic analysis and impact report will help to inform the equity impact of the ordinance.

FISCAL IMPACT

Funds for today's recommendations are included in the Fiscal Year (FY) 2021-22 Operational Plan in the Finance and General Government Group Executive Office. The funding source is unassigned General Fund fund balance. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

To provide the Board with an estimate of the potential impacts of implementing the draft ordinance, County staff invited stakeholders from construction projects, lessees of County-owned property and the public, including labor organizations, to participate in virtual forums or provide feedback through written correspondence to be summarized in the attached Staff Impact Report. The report starts with a Demographic Summary, which identifies the parties affected by the ordinance. The Stakeholder Outreach section explains how information was gathered. The Impact Summary section describes stakeholder feedback regarding ordinance implementation and alternative ordinance language to address concerns. Finally, the report includes Attachments 1 and 2 with Contractor and Lessee Survey Results, as well as all Official Communications received from contractors, lessees, and the public (as of 9 AM September 24, 2021).

Staff also reached out to industry associations to begin a comparative analysis of potential impacts where readily available and received no responses from or examples of jurisdictions that have implemented a similar ordinance to use as a benchmark. Staff acknowledges that the potential impacts of any proposed alternative ordinance options for the draft ordinance could be limited, as it is solely based on stakeholder feedback. If the Board desires a more comprehensive regional

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economic analysis of the draft ordinance, staff recommends hiring a consultant to identify more specific impacts with regards to jobs, small versus large businesses, skilled and trained workforce feasibility, and advancing equity to this workforce.

ADVISORY BOARD STATEMENT

On September 15, 2021, the Gillespie Field Development Council recommended, by a vote of 4 Ayes, 0 Noes, and 0 Abstentions, with 1 absent and 0 vacant seats, that the Board of Supervisors oppose the proposed Working Families Ordinance as written.

On September 16, 2021, the Palomar Airport Advisory Committee recommended, by a vote of 9 Ayes, 0 Noes, and 0 Abstentions, with 0 absent and 0 vacant seats, to encourage the Board of Supervisors to not adopt the proposed Working Families Ordinance due to negative impacts on working families, local businesses, and loss of County revenue.

BACKGROUND

Inadequate pay and poor working conditions have a significant adverse impact on the ability of working families to obtain housing and provide for their families. Poverty, unemployment, and income inequality threaten the economic prosperity, stability, and competitiveness in San Diego County.

The County of San Diego (County) seeks to address these issues by ensuring that those working on County projects or at County-owned leased property are paid wages that allow them to provide for themselves and their families, and taking steps to remove obstacles to quality employment opportunities for area residents. Providing workers in San Diego County more opportunity to obtain quality jobs will generate shared prosperity and inclusive growth, enable workers to invest in the regional economy, and strengthen the ability of organized labor to ensure fairness for working families.

On July 13, 2021 (21), the Board of Supervisors (Board) requested the Chief Administrative Officer (CAO) to return within 90 days with a draft Working Families Ordinance for consideration that will amend the County Administrative Code. The Board also requested the CAO return with a prequalification policy and proposed amendments to existing policies to require prospective bidders and proposers on public works projects to prequalify prior to submitting a bid or proposal. The Board requested the CAO estimate the impact of the implementation of the Working Families Ordinance on County construction projects and County-owned leased property. Lastly, the Board requested the CAO update relevant contracting and leasing processes and templates for County construction projects and County-owned leased property to implement the intent of the Working Families Ordinance through binding contractual obligations with counterparties.

Staff outreach to external stakeholders to capture business impacts has been extensive and includes a webpage, direct emails, surveys, and four eForums. Additionally, staff have emailed and called more than 500 lessees/sublessees and reached out to over 170 organizations and labor groups to request impact input. To estimate the potential impact of implementation of the draft Working Families Ordinance, staff conducted research with the local public works contractor community, businesses that have current real property leases, licenses, or other agreements on County-owned

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property, and the general public, including interested labor organizations. The ordinance will affect approximately 30 public works contracts per year, as well as over 600 businesses operating on County-owned property.

Over the course of obtaining stakeholder input, it became apparent that further economic study is warranted to fully inform the Board of the potential impacts of the ordinance and potential impacts to County unincorporated operations, public works projects, lease holders, and neighboring jurisdictions that may also be impacted. Staff requests additional time to engage an economic consultant who will evaluate the cost impact to County construction projects, employment wage standards for workers on County-owned leased property and make recommendations on how the draft ordinance could be implemented. The report may also consider limiting prevailing wage application to lessee construction contracts, a potential wage floor for lessee employees, and alternative forms of lessee employee compensation.

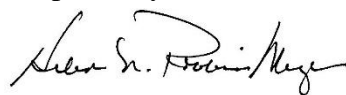
In addition, staff identified several Board of Supervisors policies that may need to be updated if the Working Families Ordinance is adopted. These include A-81 (Procurement of Contract Services), A-87 (Competitive Procurement), B-29 (Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery), F-41 (Public Works Construction Contracts), F-47 (Procuring Professional Services to Assist with County Acquisition and Leasing of Real Property) and F-51 (County Real Property Asset Management).

Staff is requesting that the Board accept a report (Attachment A) that summarizes stakeholder feedback regarding potential impacts of approving the ordinance and provide staff additional time to engage a consultant to develop a regional economic analysis and impact report to return to the Board in February 2022. Staff will bring forward the draft Working Families ordinance and bid prequalification policy for the Board's consideration at that time.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions to accept the Staff Impact Report and engage a consultant to conduct a regional economic analysis and impact report support the Sustainable Environment/Thriving Strategic Initiative in San Diego by ensuring a vibrant region with planning, development, infrastructure and investment in workers and families that strengthen the local economy.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

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ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at www.sandiegocounty.gov/content/sdc/cob/bosa.html.

Attachment A - Staff Impact Report

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: ☐ Yes ☒ No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

☐ Yes ☒ No

PREVIOUS RELEVANT BOARD ACTIONS:

July 13, 2021 (21) ESTABLISHING FAIR EMPLOYMENT STANDARDS ON COUNTY
CONSTRUCTION PROJECTS AND COUNTY-OWNED LEASED PROPERTY
(DISTRICTS: ALL)

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION
NUMBER(S):**

N/A

ORIGINATING DEPARTMENT: Department of General Services

OTHER CONCURRENCE(S): Department of Parks and Recreation
Department of Public Works
Office of Ethics & Compliance
Office of Equity & Racial Justice
Purchasing and Contracting

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